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**DEPARTMENT OF THE NAVY**  
 OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
 WASHINGTON, DC 20350

NAVY Review Completed

17 Oct 84

IN REPLY REFER TO

22 OCT 1984

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## MEMORANDUM FOR THE RECORD

Subj: TRIP REPORT TO OSLO NORWAY (U)

1. (S) A meeting was held at the Ministry of Defense, Oslo 11 October 1984 to brief Mr. Oddmund Hammerstad, First State Secretary, on the latest proposal for acquisition of P-3C aircraft by Norway. In addition to Mr. Hammerstad, Mr. Eggsbole, Ministry of Defense, RADM Ingebrittsen, Director of Naval Intelligence, COL M. McCarthy, ODC, Oslo, Mr. Woods, DCM, U.S. Embassy, Oslo, and Mrs. C. Smith, Norwegian desk officer in OP-632 were in attendance.

2. (S) For the benefit of RADM Ingebrittsen, who was not present during the December meetings in Oslo or in Washington, a recap of what had transpired in the last year was given. I also explained to Secretary Hammerstad what I had done since the December meetings in order to get the program underway. Attachments (1) and (2) were used as talking papers. I discussed the assumptions that were used in pricing out the program:

a. (C) Aircraft cost estimates reflect procurement of two aircraft for Norway in FY 1986 and one aircraft in FY 1987 at a total (USN and FMS) production rate of nine aircraft per year. Estimated costs were calculated from the latest FY 1984 negotiated prices and DOD mandated inflation rates for projection to FY 1986 and FY 1987 with adjustments for production quantity differences, i.e., eleven aircraft in FY 1984 vs. nine aircraft in FY 1986 and FY 1987.

b. (C) Estimated costs of spares and repair parts and support equipment were determined from the most recent procurements of like items and projected price increases based on recent actual inflation rates which have been higher than the DOD mandated inflation rates.

c. (C) Spare engines are not included since the P-3C Update III aircraft uses the same engines as the P-3B aircraft and the Royal Norwegian Air Force (RNoAF) has an adequate number of spare engines.

d. (C) Support of P-3 airframe, hydraulics, electrical systems, engines and propellers is not included since these are common to the P-3B support directly available in Norway.

e. (C) Flying hour rate of 60 hours per month per aircraft, although the rate could go as high as 90 or 100 with no change

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in spares support. Organizational and Intermediate level support at one site only -- no Depot level support provided.

f. (C) The training included in the P&A data reflects the USN-recommended minimal program. Two aircrews and 20 enlisted were considered, with training probably at Moffett Field, California.

3. (S) Secretary Hammerstad seemed impressed by the new proposal and expressed gratitude for the efforts of all concerned. RADM Ingebriittsen on the other hand, pointed out the number of Soviet contacts they process each year and of their current efforts (sensitive) and opined that the U.S. should pick up the entire burden of upgrading Norwegian aircraft. (He did say that he was just the "Chief Spook", not an operator or money man so that his opinion may not be of value...)

4. (S) Secretary Hammerstad said they will study the proposal and get back to us in a couple of weeks. He pointed out that there was no money presently in their budget for this program and that they would have difficulty in providing the required funds. Mr. Hammerstad allowed that they could do without one more P-3B for Coast Guard service and suggested that the Norwegian obligation would be reduced to \$60M. I reminded him that in CY 1985 only \$300K was required. We did, however, need a decision soon and a signed contract by the end of March 1985 in order to protect the pricing. I also informed Mr. Hammerstad that I had been informed by LTGEN Gast's office that those waivable charges, NRC, Asset Use, and Contract Audit, could not be waived until the issue of F-16/Turkey/EPG is resolved. Mr. Hammerstad replied that Norway had supported the U.S. position in that controversy, that it was a matter of Danish law and that he would take up the matter with OSD.

5 (U) DCM Woods said he would have lunch with Mr. Hammerstad the following week and continue the discussions.

*gawh '6*

J. A. WHITE  
HEAD, SPECIAL PROGRAMS  
SECURITY ASSISTANCE DIVISION

Distribution:

OASD(ISA) Mr. Lauder  
ASSTSECNAV(RE&S) CAPT Mallowney  
OP-06  
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Attachment: (1) Funding Requirements  
(2) Program Schedule

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### NORWAY P-3C FUNDING REQUIREMENTS

- 3 NEW P-3C UPDATE III (FY 86\$) = 113M
- SUPPORT = 35M
- PROGRAM TOTAL = 148M

	FY				
	<u>85</u>	<u>86</u>	<u>87</u>	<u>88</u>	<u>TOTAL</u>
- FUNDING REQUIREMENT	5.3	40.2	76.9	25.6	= 148
- <u>THIRD PARTY</u>	<u>5</u>	<u>17</u>	<u>18</u>	<u>11</u>	<u>= 51</u>
BALANCE NEEDED	.3	23.2	58.9	14.6	= 97
- TRADE IN 4 P-3Bs	?	?	?	?	= 30
- <u>NORWAY NEEDED</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>= 67</u>

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